



March 18, 2005

ENGROSSED SENATE BILL No. 460

DIGEST OF SB 460 (Updated March 16, 2005 12:25 pm - DI 92)

Citations Affected: IC 21-2.

Synopsis: School bonds for retirement liability. Provides that a school corporation that issued bonds to cover retirement or severance liability under a prior statute (which was repealed on December 31, 2004) may issue bonds one additional time for that purpose if the first bond issue was made before April 14, 2003. Provides that the bonds must be issued before July 1, 2006, in an amount not to exceed the difference between: (1) the amount of the prior bond issue (which was limited to 2% of the school corporation's assessed value); and (2) 2% of the school corporation's true tax value at the time of the prior bond issue. Requires a school corporation that issues bonds for retirement or severance liability to reduce the property tax levy for certain other funds of the school corporation in an amount equal to the property tax levy needed for debt service on the bonds.

Effective: Upon passage.

Server, Simpson

(HOUSE SPONSORS — AYRES, WELCH, McCLAIN, THOMPSON)

January 18, 2005, read first time and referred to Committee on Tax and Fiscal Policy.
February 24, 2005, amended, reported favorably — Do Pass.
February 28, 2005, read second time, ordered engrossed. Engrossed.
March 1, 2005, read third time, passed. Yeas 41, nays 7.

HOUSE ACTION

March 14, 2005, read first time and referred to Committee on Ways and Means.
March 17, 2005, amended, reported — Do Pass.

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ES 460—LS 7929/DI 44+



March 18, 2005

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

ENGROSSED SENATE BILL No. 460

A BILL FOR AN ACT to amend the Indiana Code concerning education finance.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 21-2-21-1.8 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: **Sec. 1.8. (a) For purposes of this section,**
4 **"retirement or severance liability" means the payments**
5 **anticipated to be required to be made to employees of a school**
6 **corporation upon or after termination of the employment of the**
7 **employees by the school corporation under an existing or previous**
8 **employment agreement.**
9 **(b) This section applies to each school corporation that:**
10 **(1) did not issue bonds under IC 20-5-4-1.7 before its repeal;**
11 **or**
12 **(2) issued bonds under IC 20-5-4-1.7 before April 14, 2003.**
13 **(c) In addition to the purposes set forth in section 1 of this**
14 **chapter, a school corporation described in subsection (b) may issue**
15 **bonds to implement solutions to contractual retirement or**
16 **severance liability. The issuance of bonds for this purpose is**
17 **subject to the following conditions:**

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(1) The school corporation may issue bonds under this section only one (1) time.

(2) The school corporation must issue the bonds before July 1, 2006.

(3) The solution to which the bonds are contributing must be reasonably expected to reduce the school corporation's unfunded contractual liability for retirement or severance payments as it existed on June 30, 2001.

(4) The amount of the bonds that may be issued for the purpose described in this section may not exceed:

(A) two percent (2%) of the true tax value of property in the school corporation, for a school corporation that did not issue bonds under IC 20-5-4-1.7 before its repeal; or

(B) the remainder of:

(i) two percent (2%) of the true tax value of property in the school corporation as of the date that the school corporation issued bonds under IC 20-5-4-1.7; minus

(ii) the amount of bonds that the school corporation issued under IC 20-5-4-1.7;

for a school corporation that issued bonds under IC 20-5-4-1.7 before April 14, 2003.

(5) Each year that a debt service levy is needed under this section, the school corporation shall reduce the total property tax levy for the school corporation's transportation, school bus replacement, capital projects, or art association and historical society funds in an amount equal to the property tax levy needed for the debt service under this section. The property tax rate for each of these funds shall be reduced each year until the bonds are retired.

(6) The school corporation shall establish a separate debt service fund for repayment of the bonds issued under this section.

(d) Bonds issued for the purpose described in this section shall be issued in the same manner as other bonds of the school corporation.

(e) Bonds issued under this section are not subject to the petition and remonstrance process under IC 6-1.1-20 or to the limitations contained in IC 36-1-15.

SECTION 2. An emergency is declared for this act.

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SENATE MOTION

Madam President: I move that Senator Simpson be added as second author of Senate Bill 460.

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COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 460, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 2, line 37, delete "not".

Page 2, line 38, delete "or" and insert ". **Bonds issued under this section are not subject**".

and when so amended that said bill do pass.

(Reference is to SB 460 as introduced.)

KENLEY, Chairperson

Committee Vote: Yeas 6, Nays 2.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 460, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning education finance.

Page 1, line 1, delete "IC 20-5-4-1.8" and insert "IC 21-2-21-1.8".

Page 1, delete lines 9 through 10, begin a new paragraph and insert:

"(b) This section applies to each school corporation that:

(1) did not issue bonds under IC 20-5-4-1.7 before its repeal;

or

(2) issued bonds under IC 20-5-4-1.7 before April 14, 2003."

Page 2, delete lines 7 through 22, begin a new line block indented and insert:

"(4) The amount of the bonds that may be issued for the purpose described in this section may not exceed:

(A) two percent (2%) of the true tax value of property in the school corporation, for a school corporation that did not issue bonds under IC 20-5-4-1.7 before its repeal; or

(B) the remainder of:

(i) two percent (2%) of the true tax value of property in the school corporation as of the date that the school corporation issued bonds under IC 20-5-4-1.7; minus

(ii) the amount of bonds that the school corporation issued under IC 20-5-4-1.7;

for a school corporation that issued bonds under IC 20-5-4-1.7 before April 14, 2003."

Page 2, line 23, delete "(6)" and insert "(5)".

Page 2, line 31, delete "(7)" and insert "(6)".

Page 2, delete lines 37 through 42, begin a new paragraph and insert:

"(e) Bonds issued under this section are not subject to the petition and remonstrance process under IC 6-1.1-20 or to the limitations contained in IC 36-1-15.

SECTION 2. An emergency is declared for this act."

Delete page 3.

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Renumber all SECTIONS consecutively.
and when so amended that said bill do pass.

(Reference is to SB 460 as printed February 25, 2005.)

AYRES, Vice Chair

Committee Vote: yeas 21, nays 1.

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